

FISCAL NOTE

Bill #: HB0690

Title: Revise tax increment financing

Primary Sponsor: Bitney, R

Status: As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

FY 2004 Difference

FY 2005 Difference

Revenue:

General Fund

(\$18,000)

(\$18,000)

Net Impact on General Fund Balance:

(\$18,000)

(\$18,000)

- | | |
|---|--|
| <input type="checkbox"/> Significant Local Gov. Impact | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

1. Under current law, it is assumed that a TIF district is required to allocate any funds remaining to the credit of the TIF district to affected taxing jurisdictions (7-15-4292(2), MCA). The affected taxing jurisdictions are all taxing jurisdictions levying mills on property included in the TIF district. The 95 mills levied by the state are to be included in the allocation; the 6 mills levied by the state are not to be included.
2. The proposal allows for the TIF district to retain funds if; the funds are related to a binding loan commitment entered into before the termination of the district, if the funds are loan repayments from loans made pursuant to the binding loan commitment, or if the funds are from loans previously made pursuant to a loan program established under an urban renewal plan.
3. The Department of Revenue is aware of two TIF districts that terminated after December 31, 2000. Both districts terminated June 30, 2002. One district is in Butte and the other is in Kalispell.
4. The district in Butte has approximately \$250,000 in funds that will be allocated to the affected taxing jurisdictions. The \$250,000 does not qualify for retention by the district under HB690.
5. Currently, the Kalispell TIF is receiving monthly payments of approximately \$10,000 on binding loan commitments that were entered into before the termination of the district. It is assumed that, under HB690, the \$10,000 will be retained by the district.
6. The current total mill levy in Kalispell, less the 6 mills levied for the university, is 632 mills. The 95-mill share of the total 632 mills is 15% (95/362).
7. The state general fund share of the monthly \$10,000 payment amount, if it were to be allocated to the affected taxing jurisdictions, is \$1,500. This would be \$18,000 annually.

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(continued)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

85% of the \$10,000 monthly payment to the Kalispell TIF district would be distributed to Flathead County, Kalispell, and Kalispell school districts. This would be \$8,500 per month, equaling \$102,000 in each fiscal year, for as long as the payments were made.

LONG-RANGE IMPACTS:

There are four TIF districts scheduled to terminate in the FY06-FY07 biennium. Passage of HB690 may alter the way TIF districts manage their funds.